

COUNTY OF YORK

MEMORANDUM

DATE: February 4, 2003 (BOS Mtg. 2/18/03)

TO: York County Board of Supervisors

FROM: James O. McReynolds, County Administrator

SUBJECT: Reimbursement from Financings for Expenditures Made or to be Made in Connection with Upgrading the Communications System

The Board has held several work sessions and received a number of briefings on upgrading the communications system. Estimated total cost of the project is \$10,000,000. The project will be funded as follows: \$4.5 million from year-end unobligated funds, \$1.0 million from the Schools, and \$4.5 million through the issuance of debt. The system is to be purchased over the course of several months, and the County has sufficient cash balances in its capital funds to finance this purchase until the debt is issued. These local funds will be required for other projects after debt proceeds are available.

As described in the preceding paragraph, the County routinely spends some funds for capital projects in advance of securing permanent financing. In order to have the option of reimbursing these expenditures from the debt proceeds it is necessary to adopt a resolution stating the intent of the County to reimburse itself. Most of the reimbursement resolutions adopted by the Board have been for school purposes. However, this avenue is available for other borrowings as well. Proceeding in this manner helps provide greater flexibility for dealing with debt proceeds and helps preserve the County's ability to finance the purchase of the equipment with tax-exempt debt under Internal Revenue Service regulations.

Staff recommends that the Board adopt a resolution stating the intent to reimburse itself from debt proceeds for the acquisition of an 800mhz system made in advance of issuance of the debt. Adoption of such a resolution does not obligate the County to issue bonds; and, should the County choose not to issue bonds, no further action by the Board will be necessary.

I support staff's recommendation. Proposed Resolution R03-31 has been prepared for the Board's consideration. If adopted, this resolution will authorize the County to reimburse itself from debt proceeds. Bond counsel has reviewed this resolution and approved it as to form.

White/3737

Attachment:

? Proposed Resolution R03-31